

East Bay Charter Township

1

Tax Abatement Request

Resolution 2008-16

Olmsted Products Co.

Motion by: _____ Second by: _____

To

Approve

Table

Deny

Roll Call Vote:

Aye: _____

Nay: _____

Abstain: _____

Absent: _____

Motion

Passed

Failed

CHARTER TOWNSHIP OF EAST BAY

RESOLUTION 2008-16

**APPLICATION FOR INDUSTRIAL FACILITIES
TAX EXEMPTION CERTIFICATE
SUBMITTED BY OLMSTED PRODUCTS**

WHEREAS, on or about September 12 2005, Peninsula Business Park submitted an Application for Establishment of an Industrial Development District on property owned by it located at Peninsula Business Park – East, Traverse City, MI 49686, which is legally described a follows:

Part of the Northwest ¼ of Southeast ¼ of Section 17, Township 27 North, Range 10 West, East Bay Township, Grand Traverse County, Michigan; and

WHEREAS, at its regular public meeting held on September 12, 2005, the East Bay Charter Township Board adopted the following motion:

Motion by Watson/Friend to approve establishing an industrial development district for Peninsula Business Park; and

WHEREAS, on or about July 28, 2008 Olmsted Products submitted an Application for Industrial Facilities Tax Exemption Certificate for a facility located at 1424 International Drive, Traverse City, Michigan 49686, more fully described as follows:

Unit 9, Peninsula Business Park of Fawn Creek, East Bay Township, Grand Traverse County, Michigan; and

WHEREAS, at its August 11, 2008, meeting the Charter Township of East Bay made the following findings regarding the Application for Industrial Facilities Tax Exemption Certificate submitted by Olmsted Products:

1. The granting of the industrial facilities exemption certificate will not have the effect of substantially impeding the operation of the Charter Township of East Bay or impairing the financial soundness of the Charter Township of East Bay.
2. The proposed facility is located within an industrial development district that was duly established in the Charter Township of East Bay and that was established upon a request filed before the commencement of the purchase of personal property improvements for the facility.
3. The commencement of the purchase of personal property improvements for the facility occurred not earlier than six (6) months before the filing of the application for the industrial facilities exemption certificate.

4. The application relates to a construction, restoration, or replacement program that when completed constitutes a new or replacement facility within the meaning of this act that shall be situated within an industrial development district duly established in the Charter Township of East Bay.
5. Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to create employment, retain employment, or prevent a loss of employment in the community in which the facility is situated.
6. Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity but rather is primarily for the purpose and will primarily have the effect of restoration, replacement, or updating the technology of obsolete industrial property.

NOW, THEREFORE, the Charter Township of East Bay does hereby ratify and approve the Application for Industrial Facilities Tax Exemption Certificate filed by Olmsted Products, and authorizes the requested tax abatement for a period of three (3) yeas for personal property and six (6) years for real property.

Motion by ____, supported by ____, to adopt Resolution _____ to approve the Application for Industrial Facilities Tax Exemption Certificate filed by Olmsted Products.

Upon roll call vote for the motion:

Yes:

No:

Absent:

The Chairman declared the motion carried and the Resolution duly adopted this 11th day of August, 2008.

GLEN LILE, Supervisor

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CERTIFICATE

I, the undersigned, the Clerk of the Charter Township of East Bay, Grand Traverse County, Michigan, do hereby certify that the foregoing is a true and complete copy of certain proceedings taken by said municipality of East Bay Charter Township at its regular meeting held on August 11, 2008, relative to adoption of the resolution therein set forth; that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Dated: _____

Susanne M. Courtade, Clerk



1128 Business Park Drive
Traverse City, MI 49686
231-929-1660
231-929-7879 facsimile

July 23, 2008

Mr. Glen Lile
Supervisor
East Bay Charter Township
1965 Three Mile Road North
Traverse City, MI 49686-8501

re: Industrial Facilities Tax Exemption

Dear Mr. Lile:

I am writing to request that East Bay Charter Township give consideration to approving an Application for Industrial Facilities Tax Exemption Certificate from Olmsted Products Co. (OPC), at a future Township Meeting.

OPC has been located at 1128 Business Park Dr., TC, MI 49686 since 1994. OPC designs and manufactures large, high flow, high pressure hydraulic valves and systems for the Industrial, Marine and Offshore Marketplaces. Our company currently has a total of (8) production employees, and (9) administrative and management employees.

OPC has targeted certain companies within our current markets that are growing, and need their vendors to grow with them. We are currently the sole supplier of hydraulic valving to all major Offshore Drilling Riser Tensioning and Motion Compensation system manufacturers. These companies have seen industry growth that is more than tripling the world's fleet of ultra-deepwater drilling vessels. In addition to Drilling rig growth, there are great opportunities within the Production rig market that will only be realized by OPC, if OPC can support the increased demand by these customers without falling behind in deliveries. In addition to the growth in the Offshore Industry, we are prepared to target the Asian Die Cast Machine Manufacturing Market. To accommodate this growth, and continue to be the sole supplier to these major customers, we need a larger facility and more staff to not only support a growth in existing applications, but also in applications and industries in which we have yet to penetrate. Approval of this Abatement request will help allow me to accomplish these goals and continue to add jobs in the area.

As a result of this projected expansion and investment, OPC will create (8) new jobs at its facility within (2) years, with a potential for even more in following years. The projected average hourly wage for these new positions that will be created is expected to be \$18-22 / hr.

Thank you very much for your consideration and please feel free to contact me directly at (231) 929-1660 with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Dudley Smith". The signature is written in a cursive style with a large, sweeping initial "D" and a long horizontal stroke at the end.

Dudley Smith
President
Olmsted Products Co.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION
All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) Olmsted Products Company		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 349299	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1424 International Drive, Traverse City, MI 49686		▶ 1d. City/Township/Village (indicate which) East Bay Township	▶ 1e. County Grand Traverse
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		▶ 3a. School District where facility is located Traverse City Area Public School	▶ 3b. School Code 28010
▶ 4. Amount of years requested for exemption (1-12 Years) 3 years personal, 6 years real			

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

New Build to facilitate projected and anticipated growth in current and future markets. See Cover Letter.

6a. Cost of land and building improvements (excluding cost of land)	▶ \$1,400,000.00
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	
6b. Cost of machinery, equipment, furniture and fixtures	▶ \$505,000.00
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ \$1,905,000.00
* Round Costs to Nearest Dollar	
Total of Real & Personal Costs	

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶	8/1/08	11/30/08	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	8/1/08	11/30/08	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. **18** ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. **8**

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)

b. TV of Personal Property (excluding inventory)

c. Total TV

▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) **9/12/05** ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Tino Breithaupt	13b. Telephone Number (231) 995-7106	13c. Fax Number (231) 946-2565	13d. E-mail Address tino@tcchamber.org
14a. Name of Contact Person Dudley Smith IV	14b. Telephone Number (231) 929-1660	14c. Fax Number (231) 929-7879	14d. E-mail Address dudley@olmstedproducts.com
▶ 15a. Name of Company Officer (No Authorized Agents) Dudley Smith IV			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number (231) 929-7879	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 1128 Business Park Drive, Traverse City, MI 49686		15f. Telephone Number (231) 929-1660	15g. E-mail Address dudley@olmstedproducts.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

**INDUSTRIAL FACILITY TAX EXEMPTION
MACHINERY & EQUIPMENT LIST**

Olmsted Products Co.
1424 International Drive
Traverse City, MI, 49686

BEGINNING DATE OF CONSTRUCTION: 8/1/2008
COMPLETION DATE OF CONSTRUCTION: 11/30/2008

<u>Equipment</u>	<u>Installation Date</u>	<u>Cost</u>
(5) 5-ton bridge cranes	11/15/2008	\$ 200,000.00
(2) Hydraulic Test Stands	11/15/2008	\$ 250,000.00
(1) Spray Booth	11/15/2008	\$ 15,000.00
(1) 2 Ton Jib Crane	11/15/2008	\$ 40,000.00

TOTAL COSTS

\$ 505,000.00

*State Tax Commission Rule 55 (Notification of date of project completion; filing of final cost) states:

(1) The applicant for an industrial facilities exemption certificate or a holder of a certificate shall notify the assessing officer and the commission of the date of completion as explained in section 16 of Act No. 198 of the Public Acts of 1974, as amended, being 207.566 of the Michigan Compiled Laws.

(2) The notification of completion of the project shall be filed within 30 days of completion.

(3) The final cost of a facility shall be filed with the assessing officer and the commission within 90 days after completion.

**INDUSTRIAL FACILITY TAX EXEMPTION
PROPERTY IMPROVEMENTS**

Olmsted Products, Co.
1424 International Drive
Traverse City, MI 49686

<u>Improvement</u>	<u>Date</u>	<u>Cost</u>
Building Construction		
20,000 sq ft of manufacturing area		
5,000 sq ft of office	12/1/2008	\$ 1,400,000

TOTAL COSTS \$ 1,400,000

*State Tax Commission Rule 55 (Notification of date of project completion; filing of final cost) states:

(1) The applicant for an industrial facilities exemption certificate or a holder of a certificate shall notify the assessing officer and the commission of the date of completion as explained in section 16 of Act No. 198 of the Public Acts of 1974, as amended, being 207.566 of the Michigan Compiled Laws.

(2) The notification of completion of the project shall be filed within 30 days of completion.

(3) The final cost of a facility shall be filed with the assessing officer and the commission within 90 days after completion.

INDUSTRIAL FACILITIES EXEMPTION APPLICATION

AFFIDAVIT OF PROJECT BEGIN DATES

I do swear and affirm by my signature below that the real and/or personal property project begin dates associated with the application for Industrial Facilities Tax Exemption under P.A. 198 of 1974 in the amount of \$1,905,000.00 filed with East Bay Charter Township, for a facility to be located at 1424 International Drive, Traverse City, 49686 are as follows:

Personal Property Begin Date: August 1, 2008

Real Property Begin Date: August 1, 2008

Applicant Name: Olmsted Products Co.

Signature: _____

Printed Name: Dudley Smith IV

Title: President

Date: 28 July, 2008

**East Bay Charter Township
Tax Abatement Score sheet - Olmsted Products**

	Points available	Points Awarded	Notes
Jobs			
Retained			
0-10	5		
11-25	10	10	18 jobs retained
26-50	15		
51-100	20		
101+	25		
Created			
0-10	5	5	8 jobs created over next two years
11-25	10		
26-50	15		
51-100	20		
101+	25		
TOTAL POINTS	50	15	
Private Investment			
Personal Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10	10	total investment \$505,000
\$2M - \$5M	15		
\$5M +	20		
Real Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10	10	total investment \$1,400,000
\$2M - \$5M	15		
\$5M +	20		
TOTAL POINTS	40	20	
Industry/Building			
Industry and Location Compatible with Master Plan	0-2	2	
Public Services Required	0-4	4	Rated 0-4 based on how much increase in public expenditures will be required to service the proposed development and the support of those services, with 4 being no additional public expenditures for, but not limited to, water, sewer, police, fire and/or code enforcement and applicant utilizing public water, sewer, and power and 0 being public expenditures in 4 or more areas and applicant not utilizing public water, sewer, and power.
Exterior Appearance	0-4	4	Rated 0-4 based on the aesthetic design of building and grounds enhancing the community with 4 being an innovative design which improves the neighborhood in all senses and 0 being basic design which meets minimum legal standards.
TOTAL POINTS	10	10	
Total Score	100	45	

East Bay Charter Township Property Tax Abatement Guidelines

With the acknowledgement that both an Applicant Company's investment in a proposed project and East Bay Charter Township's investment through the granting of an Industrial Facilities Tax (IFT), is to encourage economic growth in the community, the following guidelines for the granting of an Industrial Facilities District and/or the issuance of an IFT Certificate have been established.

- 1) Applications for the establishment of a district, tax abatement certificate or transfer of an existing certificate shall be submitted to the Township Supervisor for study and recommendation to the Township Board.
- 2) Final approval of a district or certificate shall be made by the Township Board. The Township Board may exercise at its discretion the determination of the maximum term and conditions of any and all IFT Certificates.
- 3) Such tax benefits accruing under this program will induce the location of a new facility or the expansion or rehabilitation of an existing facility in the Township and that the applicant has made a firm commitment to the project if the tax benefits are granted by the Township.
- 4) Increased employment and tax base will be created in relationship to the benefits granted.
- 5) The applicant has paid all outstanding real and personal property tax bills
- 6) Such industrial construction, expansion or rehabilitation will not unduly burden the Township streets, utilities or other Township services.
- 7) The facility will conform to the Township's Master Plan for development and proposed land use or any other applicable land use plan or ordinance.
- 8) The primary function of a business requesting the abatement is not in direct competition with another business in the Township. If there is an existing competing business in the Township, a letter is required from that business stating that they are not against the approval of the tax abatement request.
- 9) Pursuant to Public Act 334 of 1993, as amended, prior to approval of the issuance of an IFT Certificate, the applicant and the Township shall enter into a written agreement which state the following terms and conditions:
 - a. In the event the applicant has not substantially complied with the Application, with respect to the items described in the application, including but not limited to the number of jobs created and/or retained and total capital investment within the time frame identified in the Application, the abatement previously approved may be reduced or revoked by the Township.

East Bay Charter Township Industrial Facilities Tax Exemption Agreement

Olmsted Products, Co., hereinafter referred to as the "Company", has submitted an application to East Bay Charter Township for the granting of an Industrial Facilities Exemption (IFT) Certificate, pursuant to Michigan Public Act 198 of 1974, as amended.

To encourage the granting of the IFT, and in recognition of the investment the East Bay Charter Township, hereinafter referred to as the "Township", will be making toward the economic growth of the Company, and thus the economic growth of the Township, I hereby agree on behalf of the Company to the following:

- 1) No later than the 15th day of January, following the second full year after the issuance date of the IFT, and every two years thereafter, the Company shall submit a letter to the Township stating:
 - a. The number of new jobs committed to being created in the IFT application and the total number of new jobs actually created.
 - b. If the IFT was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees currently at the Company.
 - c. If the projections for job creation and retention have not been met, the Company must provide an explanation for this situation.
 - d. The estimated private investment (both real and personal property) given in the application and the actual private investment incurred.
 - e. If actual private investment differs substantially from the Company's projected private investment, the Company must provide an explanation.
- 2) The Company understands that if at any time employment has not been retained or reached, or the capital expenditures have not been completed as stated in the application, the Township has the right to reduced the term or revoke the IFT.
- 3) The Company agrees to remain within the Township for the period of the IFT unless permission for relocation is granted by the Township. The Company further understands that if it chooses to leave the Township without permission for relocation prior to the end of the term of the IFT, the Township has the right to recapture from the Company up to and including the total difference between the Industrial Facilities Tax and the normal ad valorem tax which would have been due if the IFT had not been granted, plus interest and penalties.
- 4) The Company agrees and understands that in the event of an appeal of the assessment on the facility is filed with the Michigan Tax Tribunal, the Township at its discretion, has the right to reduce the term of the Industrial Facilities Certificate, provided that the Company and/or its representative and the Township Assessor are first given the opportunity to address the Township Board as to the merits of the appeal.
- 5) The Company agrees to pay all ad valorem and/or Industrial Facilities Tax on or before they are due. The Company understands that in the event that ad valorem and/or

industrial facilities taxes become delinquent, the Township, at its discretion, has the right to reduce the term or revoke the IFT, provided that the Company and/or its representative and the Township Treasurer are first given the opportunity to address the Township Board.

- 6) The Company agrees to comply with all Township ordinances, regulations and codes during the term of the IFT. The Company understands that in the event that the Company fails to comply, the Township may reduce the term or revoke the IFT, provided that the Company or its representative and the Township official responsible for administering the ordinance, regulation or code that the Company is in violation of are first given the opportunity to address the Township Board.
- 7) At its discretion, the Township may review and consider any request that an applicant may have for the extension of an IFT term of years, provided that the applicant has performed extraordinarily well above and beyond the requirements set forth in the original IFT.

By the signatures of representatives of both the Company and the Township below, it is understood that certain economic conditions can, at times, prohibit the maintenance of the Company's targeted status. It is understood that if such conditions exist at the time of the designated Company submits its report; the Township will carefully evaluate the Company's situation, and will inform the Company if any action is considered in order to give the Company an opportunity for correction.

WITNESS:

COMPANY:

By: _____

Its: _____

Date: _____

WITNESS:

ACKNOWLEDGED BY
EAST BAY CHARTER TOWNSHIP

By: _____

Its: _____

Date: _____

WITNESS:

By: _____

Its: _____